

## Chile/Madrid Climate Change Conference: Monday, 9 December 2019

The Chile/Madrid Climate Change Conference started its second week. Article 6 (cooperative approaches), transparency, and finance discussions continued throughout the day. Several issues were discussed in the morning and afternoon before the SBI and SBSTA closing plenaries took place.

### COP 25

#### Matters Relating to Finance: Long-term climate finance:

In informal consultations co-facilitated by Richard Muyungi (Tanzania), parties commented on the latest version of draft text. Discussions pertained to, *inter alia*, whether or not to refer to financial pledges made at the UN Secretary-General's Climate Action Summit, with developing countries arguing against, noting it was not a multilateral event. While some countries called for a reference to increasing trends in climate finance flows, developing countries underscored methodological uncertainty, such as on the definition of climate finance, and emphasized such evaluations should not be based on assessments undertaken by bodies outside the UNFCCC. Developed countries opposed a request to the SCF to prepare a status report on the USD 100 billion goal, observing a duplication of the SCF's work on biennial assessments.

Disagreement continued on whether or not to continue deliberations on long-term finance under the Convention beyond its current expiry date of 2020. Some underscored that the discussion does not relate the "work programme" as such, but to the "issue" of long-term finance. Informal discussions will continue.

**Standing Committee on Finance (SCF):** In morning informal consultations co-facilitated by Rob Moore (UK), parties briefly exchanged initial views on the Co-Chairs' elements for draft text. Several developed countries questioned the need to invite parties to participate in the SCF's work, noting parties are already invited to do so.

In the afternoon, discussions continued on the Co-Facilitators' elements of a draft decision text for the COP and CMA. A developing country group objected to "welcoming with appreciation" the SCF report. The group and a developed country disagreed on whether to request the SCF to "consider the views expressed by parties at COP 25 on its operations and workplan for 2020," with the developed country calling for either a more specific articulation of this guidance, or a reference to a COP or CMA decision.

Developed and developing countries' views diverged on paragraphs: requesting the SCF to establish a common definition on climate finance; and mandating work by the SCF, or inviting submissions, on the new collective goal on finance before COP 26.

Developing countries stressed the importance of text on the determination of developing countries' needs related to the implementation of the Convention and Paris Agreement, with one group highlighting loss and damage-related needs. Another group called for a more open approach to hosting SCF meetings in developing countries.

The Co-Facilitators will revise the elements of the draft text on by Tuesday, 10 December, to be taken up in informal consultations.

### CMA 2

**Matters Relating to Finance: Report of, and guidance to, the Global Climate Fund (GCF):** In informal consultations co-facilitated by Toru Sugio (Japan), parties discussed draft CMA text. Developing countries emphasized the need to advance discussions on how the GCF contributes to the global goal on adaptation. Several developed countries noted that they consider the goal to be qualitative and dynamic, rather than quantitative and time bound. Some noted that the GCF Board is set to consider adaptation matters at its next meeting.

Several developed countries called for text reflecting that the GCF is already funding activities related to loss and damage, such as early warning systems and flood protection infrastructure, which a developing country group considered not to be completely accurate. The Co-Facilitators will prepare a new iteration of draft CMA text. Parties agreed to work informally to streamline the COP text. Consultations continued.

**Matters Relating to the SCF:** Discussions were taken up under joint informal consultations with the COP.

### CMP 17

**Matters Relating to the Adaptation Fund:** In informal consultations co-facilitated by Fiona Gilbert (Australia), parties discussed draft decision text. Parties agreed on the first seven paragraphs of the draft decision, with the understanding that the Secretariat will liaise with the Adaptation Fund Secretariat to update figures on financial pledges to the Fund.

Parties' positions remained divergent on the composition of the Fund's Board. Several countries called for confirmation that parties to the Paris Agreement are eligible and for further preparing the transition of the Fund to exclusively serve the Paris Agreement. Consultations will continue.

### SBI 51

**Annex I Reporting: Status of submission and review of seventh national communications and third biennial reports: Compilations and syntheses of second and third biennial reports: Reports on national GHG inventory data:** SBI Chair Emmanuel Dlamini (eSwatini) noted that consultations did not allow enough time to conclude the matter. The SBI adopted draft conclusions (FCCC/SBI/2019/L.25).

Palestine for the G-77/CHINA, and Egypt, for the AFRICAN GROUP, stressed their understanding that all documents will be taken up at SBI 52. They expressed concern over the number of countries that had not submitted their communications and reports, and stressed that the lack of aggregated data complicates understanding of pre-2020 action, including with regards to means of implementation. CHINA noted this could create difficulties with post-2020 implementation.

**Non-Annex I Reporting: Report and terms of reference on the Consultative Group of Experts (CGE): Financial and technical support:** The SBI adopted conclusions on the CGE (FCCC/SBI/2019/L.24) and financial and technical support (FCCC/SBI/2019/L.20). Egypt, for the AFRICAN GROUP, lamented that a decision had not been reached on either sub-item due to a “lack of will” to support developing countries’ reporting.

**Common time frames:** Rule 16 will be applied to this sub-item. SBI Chair Dlamini said that fresh discussions will commence rather than being based on any document prepared during this session.

BRAZIL lamented the lack of progress, underscoring that long time frames will undermine several aspects of the Paris Agreement and the principles of progression and ambition.

**Scope of the Next Periodic Review of the Long-term Global Goal and of Overall Progress Achieving it:** The SBI adopted conclusions (FCCC/SBI/2019/L.9). Pointing to outstanding issues on this item, Chair Dlamini noted the Presidency will inform parties on how to move this item forward. The US emphasized the need consider the entire text. China, for the G-77/CHINA, urged parties to engage in constructive discussions.

**Koronivia Joint Work on Agriculture:** The SBI adopted conclusions (FCCC/SBI/2019/L.5). KENYA underscored the importance of means of implementation. Egypt, for the G-77/CHINA, encouraged parties to submit their views on identifying the future of the Koronivia process ahead of COP 26.

**WIM:** The SBI adopted conclusions (FCCC/SBI/2019/L.8). SBI Chair Dlamini noted there was no clear outcome and said the COP President will inform parties on the way forward.

**Report of the Adaptation Committee:** Rule 16 will be applied. Egypt, for the AFRICAN GROUP, noted their disappointment that parties could not agree, and said they looked forward to engaging on the global goal on adaptation in the future.

**Matters Relating to the LDCs:** The SBSTA adopted the conclusions (FCCC/SBI/2019/L.26).

**National Adaptation Plans:** The SBSTA adopted the conclusions (FCCC/SBI/2019/L.21).

**Development and Transfer of Technologies: Joint Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN) annual report:** The SBI adopted conclusions (FCCC/SBI/2019/L.6 and L.7). Egypt, for the AFRICAN GROUP, called on developed countries to enhance their support to the CTCN.

**Alignment between processes pertaining to the review of the CTCN and the periodic assessment of the technology mechanism:** The SBI adopted the conclusions (FCCC/SBI/2019/L.18).

**Poznan strategic programme on technology transfer:** The SBI adopted conclusions (FCCC/SBI/2019/L.22).

**Matters Relating to the Adaptation Fund: Adaptation Fund Board membership:** The SBI adopted conclusions (FCCC/SBI/2019/L.19).

**Matters Relating to Capacity building for Developing Countries: Annual technical progress report of the Paris Committee on Capacity-building; Matters relating to capacity building under the Convention:** The SBI adopted conclusions for these items (FCCC/SBI/2019/L.27-30).

**Response Measures:** The SBI adopted conclusions (FCCC/SBI/2019/L.10). Chair Dlamini noted there was no agreed outcome on this item, but said that parties had indicated willingness to work diligently under the COP, CMP, and CMA.

**Gender:** The SBI adopted conclusions (FCCC/SBI/2019/L.31). Noting no consensus, Chair Dlamini explained the COP President will inform parties on how this item will proceed.

**Administrative, Financial and Institutional Matters: Audit report and financial statements for 2018: Budget performance for the biennium 2018–2019: Other budgetary matters:** The SBI adopted conclusions (FCCC/SBI/2019/L.23, Add.1 and Add.2).

**Closure of the SBI Plenary:** Parties adopted the draft report of SBI 51 (FCCC/SBI/2019/L.17). Chair Dlamini closed the meeting at 11:04 pm.

## SBSTA 51

**Report of the Adaptation Committee:** Rule 16 will be applied. SBSTA Chair Paul Watkinson (France) expressed his disappointment in the matter.

**WIM:** The SBSTA adopted conclusions (FCCC/SB/2019/L.8). Palestine, for the G-77/CHINA, stressed that additional work, including its proposed “Santiago Network for Loss and Damage,” remains to be done. The COP President will inform on the way forward.

**Development and Transfer of Technologies: Joint TEC and CTCN Annual Report:** The SBSTA adopted two conclusions, one for the COP (FCCC/SB/2019/L.6) and one for the CMA (FCCC/SB/2019/L.7).

**Koronivia Joint Work on Agriculture:** The SBSTA adopted conclusions (FCCC/SB/2019/L.5).

**Matters Relating to Science and Review: Scope of the next periodic review of the long-term global goal and of overall progress in achieving it:** The SBSTA adopted conclusions (FCCC/SB/2019/L.9). Watkinson noted that parties did not reach final agreement on all sections of text and that the Presidency will inform about how this issue will be taken forward.

**Research and systematic observation:** The SBSTA adopted conclusions (FCCC/SB/2019/L.15).

**Local Communities and Indigenous Peoples’ Platform:** The SBSTA adopted conclusions (FCCC/SB/2019/L.13).

**Response Measures:** Chair Watkinson noted that parties could not reach agreement. The Presidency will inform parties on how to take the deliberations forward under the COP, CMP, and CMA. The SBSTA adopted conclusions (FCCC/SB/2019/L.10).

**Methodological Issues Under the Convention: Revision of the UNFCCC reporting guidelines on annual inventories for Annex I parties:** Rule 16 will be applied.

**GHG data interface:** The SBSTA adopted conclusions (FCCC/SB/2019/L.14).

**Common metrics:** Rule 16 will be applied. Palestine, for G-77/CHINA, expressed disappointment, and hoped for substantive conclusions at SBSTA 52.

**Bunker Fuels:** Rule 16 will be applied. Palestine, for the G-77/CHINA, requested the Secretariat to report on the work done and the role of the UNFCCC as a party-driven process.

Egypt, for the AFRICAN GROUP, highlighted this as an important issue and called for engagement with the International Maritime Organization and International Civil Aviation Organization with regards to support for developing countries.

**Methodological Issues Under the Paris Agreement:** After informal consultations that took place throughout the day, this issue was discussed in the closing plenary.

In the closing plenary, early in the morning of Tuesday, 10 December, Chair Watkinson noted that, despite significant efforts, parties were unable to reach consensus on two paragraphs in the draft conclusions for the five sub-items under this agenda item (FCCC/SBSTA/2019/L.19), on: welcoming further submissions from parties, taking note of parties’ views at this session, and noting that informal notes prepared by the Co-Facilitators; and intersessional work under this agenda item, including technical papers, workshops, and an expert dialogue. He noted “clear instructions” from the COP Presidency to close the SBSTA.

The US, the EU, Costa Rica, for AILAC, Bhutan, for the LDCs, Belize, for AOSIS, AUSTRALIA, CANADA, JAPAN, and NORWAY called for keeping the SBSTA open and continuing efforts to reach a solution, or forwarding the issue to the COP Presidency. This was opposed by CHINA, India, for LMDCs, and Egypt, for the AFRICAN GROUP, who stressed the need to give equal importance to other agenda items, in particular ones relating to finance and adaptation.

CHINA requested that the SBSTA Chair close this item and report on all unfinished items to the COP Presidency. Chair Watkinson said that he would report the outcomes of all items to the Presidency.

CHINA sought clarification whether the consideration of this item was concluded, and if rule 16 would be applied in preparing the agenda for SBSTA 52. SBSTA Chair Watkinson confirmed this.



**Article 6:** Discussions occurred in informal consultations throughout the day. In informal consultations co-facilitated by Hugh Sealy (Barbados) and Peer Stiansen (Norway), parties shared comments on the second iteration of text. Upon the conclusion of the informal consultations, parties agreed to mandate the Co-Facilitators to produce a third iteration of the draft texts and annexes for each sub-item.

**Article 6.2 (internationally transferred mitigation outcomes, ITMOs):** In informal consultations, parties commented on the draft decision text with the annexed guidance, and emphasized sections where they preferred the removal or reintroduction of brackets.

Many sought clarifications on: net flows of ITMOs; minimizing the risk of reversal and the meaning of ensuring “compensation” of any material reversals; and arrangements for authorizing the use of ITMOs for other international mitigation purposes. Some called for a definition of “first transfer” and the diverse sources thereof.

Several parties stressed that no Kyoto Protocol units should be used towards NDCs. Views diverged on share of proceeds for the Adaptation Fund, with many calling for strong mandatory language and a 5% levy. Others suggested a voluntary nature, noting other market-based instruments could also generate resources.

On text stating overall mitigation in global emissions (OMGE) “shall” be delivered in the context of Article 6.2, some developing countries preferred to “aim” to deliver OMGE.

On corresponding adjustments, several parties underscored the need for flexibility. Others asked for clarity: an understanding that transfers can only happen when both participating parties apply the metrics that they used in their NDCs and make the corresponding adjustments in accordance with that metric. Many preferred keeping a section on multi- and single-year NDCs separate.

Some stressed that the guidance should specify that parties include annual indicative adjustments in their biennial transparency reports (BTRs) for non-GHG metrics as determined by participating parties. One party suggested that environmental integrity requires that each participating party include a reference to long-term strategies in its BTR, among others.

On review, many supported referencing Paris Agreement Article 15 (compliance) in the section on the Article 6 technical expert review.

On governance, one party suggested a single supervisory body for both Article 6.2 and 6.4 matters.

Many preferred, opposed by some, to retain language on human rights, with some calling to retain text on Indigenous Peoples and local communities’ rights and references to sustainable development.

**Article 6.4 (mechanism):** In informal consultations, parties made several requests to add or bring back brackets in the text, and to re-insert or add new text. One group emphasized that guidance should be implementable and not place a burden on participating countries. Some parties and groups called for bringing back language on human rights.

On the supervisory body, some parties called for stronger language on the issue of conflict of interest for the body’s members. Parties also commented on the importance of gender-balanced representation in the supervisory body. On participation responsibilities, some called for stressing sustainable development as a national prerogative.

On the activity cycle, countries shared views regarding the length of the crediting period. One country called for forest-specific crediting periods. One group suggested that issues related to host country participation should be discussed under the CMA this week, stressing, with another group, that business as usual baselines “are not tenable” given the emissions gap projected for 2030 resulting from implementing current NDCs. One country suggested adding language on ensuring environmental integrity when setting baselines.

On the aims of activity design, parties diverged on whether or not to refer to mitigation co-benefits or economic diversification plans.

Some indicated a preference for cross-references to a section on corresponding adjustments instead of spelling out related guidance in other sections.

On transition, one group called for supporting small-scale activities. One country called for equal treatment of the Clean Development Mechanism and Joint Implementation. One group emphasized adding language on not allowing the use of pre-2020 units from overachievement under the Kyoto Protocol towards NDCs.

**Article 6.8 (non-market approaches):** In informal consultations, parties stressed the importance of Article 6.8, with one group calling for it to be operationalized along with other Article 6 items and not be left behind. A country said the text retained elements that had not received explicit support during consultations as well as elements that parties had called to be removed.

On the cover decision, one group called for bracketing some of the proposed focus areas of the work programme activities. One country asked to add the word “possible” to “institutional arrangements.” On governance, one country called for an expert group, working in parallel with the SBSTA and SBI, to implement the framework for non-market approaches.

**Article 6 (closing plenary):** In the closing plenary, the SBSTA adopted conclusions on each sub-item (FCCC/SB/2019/L.16-18). The SBSTA Chair noted work on these items would continue under the CMA and expressed hope that, with the aid of the COP Presidency, parties will reach agreement and the CMA will adopt the relevant decisions.

**Closure and Report of the Session:** The SBSTA adopted its report (FCCC/SBSTA/2019/L.12). Chair Watkinson closed the session at 2:19 am on Tuesday, 10 December.

### **SBSTA/SBI**

**Scope of the Next Periodic Review of the Long-Term Global Goal under the Convention and of Overall Progress towards Achieving It:** Madoka Yoshino (Japan) co-facilitated informal discussions.

After consultations, one developing country group made a bridging proposal regarding the scope of the periodic review such that the review would both enhance parties’ understanding of the long-term global goal and “assess the overall aggregated efforts of the steps taken by parties in order to achieve the ultimate objective of the Convention.” The group stressed that this proposal would be withdrawn if consensus was not achieved.

Many parties expressed their disappointment that consensus could not be reached. The Co-Facilitators noted they would consult the SB Chairs.

### **Informal Stocktaking Session**

COP 25 President Carolina Schmidt announced the way forward. In relation to issues that the subsidiary bodies could not complete, she announced that the following will be undertaken by pairs of ministers: Article 6; WIM; response measures; and decision 1/CP.25, 1.CMP/15, 1/CMA.2. She announced that the following issues would be undertaken by members of the COP Presidency team: scope of the next periodic review of the long-term global goal and of overall progress achieving it; report and terms of reference on the CGE; and gender.

### **In the Corridors**

Consultations remained tightly closed on Monday; many wondered whether the closing SBSTA and SBI plenaries would take place in time for the next day’s High-Level Segment opening ceremony. Several issues moved to consultations with heads of delegation, leaving observers and delegates whose issues had concluded idly refreshing the day’s schedule to see plenaries postponed later and later. Some left the plenaries, in the wee hours, saddened at the many unresolved issues, but hopeful that the ministers “could,” as one put it, “work their magic, even for issues they didn’t anticipate, like gender.”